



Joint Legislative Audit Committee  
Office of the Auditor General

---



**FINANCIAL AUDIT REPORT  
DEPARTMENT OF EDUCATION  
YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-212**

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

212

FINANCIAL AUDIT REPORT  
DEPARTMENT OF EDUCATION  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

SENATORS  
ALBERT RODDA  
PAUL CARPENTER  
JOHN NEJEDLY  
ROBERT PRESLEY  
  
ASSEMBLYMEN  
S. FLOYD MORI  
DANIEL BOATWRIGHT  
LEROY GREENE  
BRUCE NESTANDE

□ STATE CAPITOL  
SACRAMENTO 95814  
(916) 445-7380

□ 925 L STREET  
SUITE 750  
SACRAMENTO 95814  
(916) 445-0255

S. FLOYD MORI  
CHAIRMAN

November 21, 1980

212

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Department of Education, year ended June 30, 1979.

The auditors are Richard I. LaRock, CPA; Mildred M. Kiesel, CPA; Donald H. McGilvray, CPA; Benjamin Wald, CPA; Nancy L. Campbell; Douglas D. Cordiner; Fredrick Lewis; Stephen Lozano; and John Reagan.

Respectfully submitted,

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

## TABLE OF CONTENTS

|                                                                                             | <u>Page</u> |
|---------------------------------------------------------------------------------------------|-------------|
| INTRODUCTION                                                                                | 1           |
| AUDITOR'S OPINION                                                                           | 3           |
| GENERAL PURPOSE FINANCIAL STATEMENTS                                                        |             |
| COMBINED BALANCE SHEET                                                                      | 5           |
| ALL FUND TYPES AND ACCOUNT GROUPS                                                           |             |
| COMBINED STATEMENT OF REVENUES, EXPENDITURES,<br>AND CHANGES IN FUND EQUITY                 | 6           |
| ALL GOVERNMENTAL FUND TYPES AND<br>EXPENDABLE TRUST FUNDS                                   |             |
| COMBINED STATEMENT OF REVENUES, EXPENSES,<br>AND CHANGES IN RETAINED EARNINGS/FUND BALANCES | 7           |
| ALL PROPRIETARY FUND TYPES<br>AND SIMILAR TRUST FUNDS                                       |             |
| COMBINED STATEMENT OF CHANGES<br>IN FINANCIAL POSITION                                      | 8           |
| ALL PROPRIETARY FUND TYPES<br>AND SIMILAR TRUST FUNDS                                       |             |
| NOTES TO THE FINANCIAL STATEMENTS                                                           | 9           |
| SUPPLEMENTAL INFORMATION                                                                    | 18          |
| ACCOUNTS COMBINED ON FINANCIAL<br>STATEMENTS (EXHIBIT 1)                                    | 19          |
| COMBINING BALANCE SHEETS                                                                    |             |
| GENERAL FUND (EXHIBIT 2)                                                                    | 20          |
| ALL SPECIAL REVENUE FUNDS (EXHIBIT 3)                                                       | 21          |

|                                                                                     | <u>Page</u> |
|-------------------------------------------------------------------------------------|-------------|
| CAPITAL PROJECTS FUND (EXHIBIT 4)                                                   | 22          |
| ALL PROPRIETARY FUNDS (EXHIBIT 5)                                                   | 23          |
| ALL TRUST FUNDS (EXHIBIT 6)                                                         | 24          |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES,<br>AND CHANGES IN OPERATING CLEARING |             |
| GENERAL FUND (EXHIBIT 7)                                                            | 25          |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES,<br>AND CHANGES IN FUND EQUITY        |             |
| ALL SPECIAL REVENUE FUNDS (EXHIBIT 8)                                               | 26          |
| CAPITAL PROJECTS FUND (EXHIBIT 9)                                                   | 27          |
| COMBINING STATEMENT OF REVENUES, EXPENSES,<br>AND CHANGES IN RETAINED EARNINGS      |             |
| ALL PROPRIETARY FUNDS (EXHIBIT 10)                                                  | 28          |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES,<br>AND CHANGES IN FUND EQUITY        |             |
| ALL EXPENDABLE TRUST FUNDS (EXHIBIT 11)                                             | 29          |
| COMBINING STATEMENT OF CHANGES IN ASSETS<br>AND LIABILITIES                         |             |
| ALL AGENCY FUNDS (EXHIBIT 12)                                                       | 30          |
| COMPARISON OF THE LEGALLY ADOPTED BUDGET<br>WITH ACTUAL DATA ON THE BUDGETARY BASIS |             |
| GENERAL FUND (EXHIBIT 13)                                                           | 31          |
| SPECIAL REVENUE FUNDS (EXHIBIT 14)                                                  | 35          |
| CAPITAL PROJECTS FUND (EXHIBIT 15)                                                  | 36          |
| OTHER COMMENTS                                                                      | 37          |

## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted an audit of the Department of Education. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

The Department of Education, under the direction of the State Board of Education and the Superintendent of Public Instruction, administers California's public elementary and secondary system for the education of more than five million students from preschool age through adulthood. The department also has overall responsibility for statewide public library services through the State Library. The department is authorized to administer its responsibilities in Section 33300 et seq. of the Education Code. Under the provisions of Education Code Sections 59000 through 59204.5, the department operates six special schools providing highly specialized services for blind, deaf, multihandicapped-deaf, multihandicapped-blind, deaf-blind, neurologically handicapped, seriously emotionally disturbed, and autistic children whose needs cannot be met by their home school district. These

schools are administered through the department's Office of Special Education, and each campus is supervised and directed by a special school superintendent.

Also, within the Department of Education is the Maritime Academy which is administered by the California Maritime Academy Board of Governors. The principal objective of the academy is to provide well-trained, college-educated officers for the maritime industry. The instructional program provides general education classes and specialized courses to prepare students for careers as licensed officers in the merchant marine and in the maritime industry. Legal provisions for the academy are found in the Education Code commencing with Section 70000.

The programs of the Department of Education are primarily supported by appropriations from the General Fund and Capital Outlay Fund for Public Higher Education, service and handling charges, federal funds, and income from surplus money investments.

## AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the Department of Education for the year ended June 30, 1979 and the related statements of revenues, expenditures, and changes in fund equity for the year then ended. Except as set forth in the following paragraph, our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The scope of our examination did not include a review of local education agencies to determine their compliance with applicable state and federal regulations. The Education Code requires that an independent audit be made annually of each local education agency.

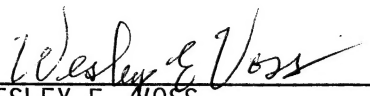
As described in Note 5 to the combined financial statements, because of inadequate supporting records, we were unable to obtain sufficient evidence to form an opinion regarding the General Fixed Assets Account Group, which totaled \$83,977,144 at June 30, 1979. Accordingly, we do not express an opinion on the General Fixed Assets Account Group.

In our opinion, except as stated in the preceding paragraph, the aforementioned financial statements present fairly the financial position of the state Department of Education at June 30, 1979 and the results of its operations and the changes in fund equity for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying financial statements captioned "Totals - Memorandum Only" and the accompanying supplemental information are not necessary for a fair presentation of the financial statements but are presented as additional analytical data. This information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above



and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
WESLEY E. VOSS  
Assistant Auditor General

Date: August 29, 1980

Staff: Richard I. LaRock, CPA  
Mildred M. Kiesel, CPA  
Donald H. McGilvray, CPA  
Benjamin Wald, CPA  
Nancy L. Campbell  
Douglas D. Cordiner  
Fredrick Lewis  
Stephen Lozano  
John Reagan

DEPARTMENT OF EDUCATION  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 1979

|                                                              | Governmental Fund Types |                 | Capital Projects | Proprietary Fund Internal Service | Fiduciary Fund Types |           | Account Group General Fixed Assets | Totals (Memorandum Only) |
|--------------------------------------------------------------|-------------------------|-----------------|------------------|-----------------------------------|----------------------|-----------|------------------------------------|--------------------------|
|                                                              | General                 | Special Revenue |                  |                                   | Trusts               | Agency    |                                    |                          |
| ASSETS                                                       |                         |                 |                  |                                   |                      |           |                                    |                          |
| Cash                                                         | \$ 1,035,727            | \$ 39,455,580   | \$ --            | \$ 2,253,277                      | \$ 798,954           | \$ 76,993 | \$ --                              | \$ 43,620,531            |
| Deposits in Surplus Money Investment Fund (Note 2)           | --                      | --              | --               | 1,242,000                         | --                   | --        | --                                 | 1,242,000                |
| Accounts receivable                                          | 16,946,553              | 43,276,493      | --               | 1,597,050                         | 6,857                | 87,276    | --                                 | 61,914,229               |
| Allowance for deferred and uncollectible accounts receivable | (1,540,612)             | (1,034,130)     | --               | (35,179)                          | --                   | --        | --                                 | (2,609,921)              |
| Due from Surplus Money Investment Fund (Note 2)              | --                      | 604,110         | --               | 48,683                            | --                   | --        | --                                 | 652,793                  |
| Loans receivable - current (Note 3)                          | --                      | --              | --               | --                                | 131,656              | --        | --                                 | 131,656                  |
| Due from Federal Government                                  | 1,867,239               | 261,679,433     | --               | --                                | --                   | --        | --                                 | 263,546,672              |
| Prepayments to other funds                                   | 276,394                 | --              | --               | --                                | --                   | --        | --                                 | 276,394                  |
| Expense advances to employees                                | 145,888                 | --              | --               | --                                | --                   | --        | --                                 | 145,888                  |
| Deferred charges                                             | 3,489                   | --              | --               | --                                | --                   | --        | --                                 | 3,489                    |
| Loans receivable - due in over one year (Note 3)             | --                      | --              | --               | --                                | 72,000               | --        | --                                 | 72,000                   |
| Securities and other property (Note 4)                       | --                      | --              | --               | --                                | 265,210              | --        | --                                 | 265,210                  |
| Land (Note 5)                                                | --                      | --              | --               | --                                | --                   | --        | 356,869                            | 356,869                  |
| Improvements (Note 5)                                        | --                      | --              | --               | --                                | --                   | --        | 23,302,434                         | 23,302,434               |
| Leasehold improvements                                       | --                      | --              | --               | 55,295                            | --                   | --        | 55,295                             | 55,295                   |
| Accumulated amortization (Note 6)                            | --                      | --              | --               | (30,618)                          | --                   | --        | --                                 | (30,618)                 |
| Equipment (Note 5)                                           | --                      | --              | --               | 707,585                           | --                   | --        | 6,854,865                          | 7,562,450                |
| Accumulated depreciation (Note 6)                            | --                      | --              | --               | (546,286)                         | --                   | --        | --                                 | (546,286)                |
| Advances to Architecture Revolving Fund                      | --                      | --              | --               | --                                | --                   | --        | 53,340,609                         | 53,340,609               |
| Construction in progress                                     | --                      | --              | --               | --                                | --                   | --        | 122,367                            | 122,367                  |
| Total Assets                                                 | \$ 18,734,678           | \$343,981,486   | \$ --            | \$5,291,807                       | \$1,274,677          | \$164,269 | \$83,977,144                       | \$453,424,061            |
| LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY       |                         |                 |                  |                                   |                      |           |                                    |                          |
| Liabilities:                                                 |                         |                 |                  |                                   |                      |           |                                    |                          |
| Accounts payable                                             | \$ 7,926,051            | \$ 10,011,682   | \$ 828           | \$ --                             | \$ 5,919             | \$ --     | \$ --                              | \$ 17,944,480            |
| Due to Federal Government                                    | 402,835                 | 9,532,553       | --               | 19,293                            | --                   | --        | --                                 | 9,954,681                |
| Due to other funds                                           | 26,268,870              | 8,241,410       | --               | 2,403,305                         | --                   | --        | --                                 | 36,913,585               |
| Uncleared collections                                        | 190,400                 | 47,661          | --               | 203,999                           | --                   | --        | --                                 | 442,060                  |
| Due to insurers                                              | --                      | --              | --               | --                                | --                   | 107,965   | --                                 | 107,965                  |
| Due to county school superintendents                         | --                      | --              | --               | --                                | --                   | 56,110    | --                                 | 56,110                   |
| Due to trust administrator                                   | --                      | --              | --               | --                                | --                   | 194       | --                                 | 194                      |
| Total Liabilities                                            | 34,788,156              | 27,833,306      | 828              | 2,626,597                         | 5,919                | 164,269   | --                                 | 65,419,075               |
| Encumbrances Outstanding                                     | 29,065,996              | 286,883,415     | 773,780          | --                                | --                   | --        | --                                 | 316,723,191              |
| Fund Equity:                                                 |                         |                 |                  |                                   |                      |           |                                    |                          |
| Investment in general fixed assets                           | --                      | --              | --               | --                                | --                   | --        | 30,514,168                         | 30,514,168               |
| Reserved for construction                                    | --                      | --              | --               | --                                | --                   | --        | 53,462,976                         | 53,462,976               |
| Retained earnings                                            | --                      | --              | --               | 2,665,210                         | --                   | --        | --                                 | 2,665,210                |
| Fund balances:                                               |                         |                 |                  |                                   |                      |           |                                    |                          |
| Special trust                                                | --                      | --              | --               | --                                | 632,810              | --        | --                                 | 632,810                  |
| Depositors                                                   | --                      | --              | --               | --                                | 49,850               | --        | --                                 | 49,850                   |
| Designated corpus                                            | --                      | --              | --               | --                                | 584,329              | --        | --                                 | 584,329                  |
| Designated for special operations                            | --                      | 29,264,765      | --               | --                                | 1,769                | --        | --                                 | 29,266,534               |
| Operating clearing (Note 7)                                  | (45,119,474)            | --              | (774,608)        | --                                | --                   | --        | --                                 | (45,894,082)             |
| Total Fund Equity                                            | (45,119,474)            | 29,264,765      | (774,608)        | 2,665,210                         | 1,268,758            | --        | 83,977,144                         | 71,281,795               |
| Total Liabilities, Encumbrances Outstanding, and Fund Equity | \$ 18,734,678           | \$343,981,486   | \$ --            | \$5,291,807                       | \$1,274,677          | \$164,269 | \$83,977,144                       | \$453,424,061            |

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF EDUCATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY  
ALL GOVERNMENTAL FUND TYPES AND  
EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                                                     | Governmental<br>Fund Types |                    |                     | Fiduciary<br>Fund Type | Totals            |
|-------------------------------------------------------------------------------------|----------------------------|--------------------|---------------------|------------------------|-------------------|
|                                                                                     | General                    | Special<br>Revenue | Capital<br>Projects | Expendable<br>Trust    | (Memorandum Only) |
| Revenues:                                                                           |                            |                    |                     |                        |                   |
| Intergovernmental revenues                                                          | \$ --                      | \$ 687,797,867     | \$ --               | \$ --                  | \$ 687,797,867    |
| Interest                                                                            | --                         | 1,173,985          | --                  | 33,043                 | 1,207,028         |
| Miscellaneous revenues                                                              | 10,185                     | 136,898            | --                  | --                     | 147,083           |
| Dividends                                                                           | --                         | --                 | --                  | 9,697                  | 9,697             |
| Gifts                                                                               | --                         | --                 | --                  | 45,744                 | 45,744            |
| Total Revenues                                                                      | 10,185                     | 689,108,750        | --                  | 88,484                 | 689,207,419       |
| Other Financing Sources:                                                            |                            |                    |                     |                        |                   |
| Appropriations (Note 8)                                                             | 368,667,934                | --                 | 8,090,251           | --                     | 376,758,185       |
| Transfers from the General Fund                                                     | --                         | 5,227,370,870      | --                  | --                     | 5,227,370,870     |
| Receipts from depositors                                                            | --                         | --                 | --                  | 150,381                | 150,381           |
| Adjustments from liquidation<br>of accruals (Note 9)                                | 263,391                    | (54,911,424)       | --                  | --                     | (54,648,033)      |
| Total Other Financing Sources                                                       | 368,931,325                | 5,172,459,446      | 8,090,251           | 150,381                | 5,549,631,403     |
| Total Revenues and Other<br>Financing Sources                                       | 368,941,510                | 5,861,568,196      | 8,090,251           | 238,865                | 6,238,838,822     |
| Expenditures:                                                                       |                            |                    |                     |                        |                   |
| Current:                                                                            |                            |                    |                     |                        |                   |
| State operations                                                                    | 119,317,596                | 21,167,623         | --                  | --                     | 140,485,219       |
| Student concerns                                                                    | --                         | --                 | --                  | 106,992                | 106,992           |
| Payments for depositors                                                             | --                         | --                 | --                  | 131,846                | 131,846           |
| Adjustments from liquidation<br>of accruals (Note 9)                                | (1,451,759)                | (16,003,685)       | --                  | --                     | (17,455,444)      |
| Reimbursements                                                                      | (18,807,034)               | --                 | --                  | --                     | (18,807,034)      |
| Total Current Expenditures                                                          | 99,058,803                 | 5,163,938          | --                  | 238,838                | 104,461,579       |
| Capital Outlay:                                                                     |                            |                    |                     |                        |                   |
| State operations                                                                    | 62,000                     | --                 | 8,870,682           | --                     | 8,932,682         |
| Adjustments from liquidation<br>of accruals (Note 9)                                | --                         | --                 | 397,291             | --                     | 397,291           |
| Reimbursements                                                                      | --                         | --                 | (405,400)           | --                     | (405,400)         |
| Total Capital Outlay                                                                | 62,000                     | --                 | 8,862,573           | --                     | 8,924,573         |
| Intergovernmental:                                                                  |                            |                    |                     |                        |                   |
| Local assistance                                                                    | 197,765,984                | 5,924,739,409      | --                  | --                     | 6,122,505,393     |
| Adjustments from liquidation<br>of accruals (Note 9)                                | (9,443,120)                | (42,813,090)       | --                  | --                     | (52,256,210)      |
| Reimbursements                                                                      | (67,746,602)               | (11,307,147)       | --                  | --                     | (79,053,749)      |
| Total Intergovernmental<br>Expenditures                                             | 120,576,262                | 5,870,619,172      | --                  | --                     | 5,991,195,434     |
| Total Expenditures                                                                  | 219,697,065                | 5,875,783,110      | 8,862,573           | 238,838                | 6,104,581,586     |
| Other Uses:                                                                         |                            |                    |                     |                        |                   |
| Intrafund transfers (Note 10)                                                       | 90,408,109                 | --                 | --                  | --                     | 90,408,109        |
| Transfers to other funds                                                            | 71,203,788                 | --                 | --                  | --                     | 71,203,788        |
| Total Expenditures and<br>Other Uses                                                | 381,308,962                | 5,875,783,110      | 8,862,573           | 238,838                | 6,266,193,483     |
| Excess of Revenues and<br>Other Sources over (under)<br>Expenditures and Other Uses | (12,367,452)               | (14,214,914)       | (772,322)           | 27                     | (27,354,661)      |
| Fund Equity:                                                                        |                            |                    |                     |                        |                   |
| Fund Balance - July 1                                                               | --                         | 43,479,679         | --                  | 682,633                | 44,162,312        |
| Operating Clearing - July 1 (Note 7)                                                | (32,752,022)               | --                 | (2,286)             | --                     | (32,754,308)      |
| Fund Balance - June 30                                                              | \$ --                      | \$ 29,264,765      | \$ --               | \$ 682,660             | \$ 29,947,425     |
| Operating Clearing - June 30 (Note 7)                                               | \$(45,119,474)             | --                 | \$(774,608)         | --                     | \$(45,894,082)    |

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF EDUCATION  
COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCES  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                          | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u>       | <u>Totals</u>            |
|------------------------------------------|----------------------------------|--------------------------------------|--------------------------|
|                                          | <u>Internal<br/>Service</u>      | <u>Non-<br/>expendable<br/>Trust</u> | <u>(Memorandum Only)</u> |
| Operating Revenues:                      |                                  |                                      |                          |
| Service and handling charges             | \$ 8,035,343                     | \$ --                                | \$8,035,343              |
| Commodity processing charges             | 274,767                          | --                                   | 274,767                  |
| Charges for services                     | <u>1,726,775</u>                 | <u>--</u>                            | <u>1,726,775</u>         |
| Total Operating Revenues                 | <u>10,036,885</u>                | <u>--</u>                            | <u>10,036,885</u>        |
| Operating Expenses:                      |                                  |                                      |                          |
| General                                  | 8,969,879                        | --                                   | 8,969,879                |
| Depreciation (Note 6)                    | 54,602                           | --                                   | 54,602                   |
| Amortization (Note 6)                    | 6,697                            | --                                   | 6,697                    |
| Miscellaneous                            | <u>439,997</u>                   | <u>--</u>                            | <u>439,997</u>           |
| Total Operating Expenses                 | <u>9,471,175</u>                 | <u>--</u>                            | <u>9,471,175</u>         |
| Operating Income                         | <u>565,710</u>                   | <u>--</u>                            | <u>565,710</u>           |
| Nonoperating Revenues:                   |                                  |                                      |                          |
| Interest                                 | 128,812                          | --                                   | 128,812                  |
| Sale of equipment                        | <u>530</u>                       | <u>--</u>                            | <u>530</u>               |
| Total Nonoperating Revenues              | <u>129,342</u>                   | <u>--</u>                            | <u>129,342</u>           |
| Net Income                               | 695,052                          | --                                   | 695,052                  |
| Retained Earnings/Fund Balance - July 1  | <u>1,970,158</u>                 | <u>586,098</u>                       | <u>2,556,256</u>         |
| Retained Earnings/Fund Balance - June 30 | <u>\$ 2,665,210</u>              | <u>\$586,098</u>                     | <u>\$3,251,308</u>       |

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF EDUCATION  
 COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION  
 ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                            | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u>       | <u>Totals</u>            |
|------------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------|
|                                                            | <u>Internal<br/>Service</u>      | <u>Non-<br/>expendable<br/>Trust</u> | <u>(Memorandum Only)</u> |
| Sources of Working Capital:                                |                                  |                                      |                          |
| Operations:                                                |                                  |                                      |                          |
| Net Income                                                 | \$ 565,710                       | \$ --                                | \$ 565,710               |
| Items not requiring working capital:                       |                                  |                                      |                          |
| Amortization                                               | 6,697                            | --                                   | 6,697                    |
| Depreciation                                               | <u>54,602</u>                    | <u>--</u>                            | <u>54,602</u>            |
| Working Capital Provided<br>by Operations                  | <u>627,009</u>                   | <u>--</u>                            | <u>627,009</u>           |
| Interest                                                   | 128,812                          | --                                   | 128,812                  |
| Sale of equipment                                          | <u>530</u>                       | <u>--</u>                            | <u>530</u>               |
| Total Sources of<br>Working Capital                        | <u>756,351</u>                   | <u>--</u>                            | <u>756,351</u>           |
| Uses of Working Capital:                                   |                                  |                                      |                          |
| Acquisition of equipment                                   | <u>17,371</u>                    | <u>--</u>                            | <u>17,371</u>            |
| Net Increase (Decrease)<br>in Working Capital              | <u>\$ 738,980</u>                | <u>\$ --</u>                         | <u>\$ 738,980</u>        |
| Elements of Net Increase (Decrease)<br>in Working Capital: |                                  |                                      |                          |
| Cash                                                       | \$1,205,641                      | \$(69,344)                           | \$1,136,297              |
| Deposits in Surplus Money                                  |                                  |                                      |                          |
| Investment Fund                                            | (636,000)                        | --                                   | (636,000)                |
| Accounts receivable (net)                                  | 138,430                          | 69,344                               | 207,774                  |
| Due from Surplus Money                                     |                                  |                                      |                          |
| Investment Fund                                            | (42,528)                         | --                                   | (42,528)                 |
| Accounts payable                                           | 213,558                          | --                                   | 213,558                  |
| Uncleared collections                                      | <u>(140,121)</u>                 | <u>--</u>                            | <u>(140,121)</u>         |
| Net Increase (Decrease)<br>in Working Capital              | <u>\$ 738,980</u>                | <u>\$ --</u>                         | <u>\$ 738,980</u>        |

The notes to the financial statements are an integral part of this statement.

DEPARTMENT OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and the results of operations and changes in the financial position of the Department of Education. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting. The accompanying financial statements are structured into Governmental Fund Types, a Proprietary Fund Type, Fiduciary Fund Types, and an Account Group.

The Department of Education accounts for the entire State Instructional Materials Fund, Vocational Education Federal Fund, State Child Nutrition Fund, Public School District Organization Revolving Fund, various trust funds, and the General Fixed Assets Account Group. The department accounts for only its portion of these funds: the General Fund, the Special Deposit Fund, the Capital Outlay Fund for Public Higher Education, and the State School Fund. The State Controller maintains control accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in proprietary and fiduciary funds--are accounted for through governmental funds. The Department of Education uses the General Fund, a Capital Projects Fund, and Special Revenue Funds; these are categorized as Governmental Fund Types.

General Fund

This fund includes all financial resources not accounted for in another fund.

### Special Revenue Funds

These funds are used to account for specific revenues and operating expenditures earmarked for particular activities. The following are classified as special revenue funds:

#### State School Fund

As provided in the Education Code, this fund pays various apportionments to California public school districts for support and aid to public education.

#### State Instructional Materials Fund

This fund was created to assist school districts in acquiring any instructional materials that have been adopted by the State Board of Education. The intent of the fund is to give local school district boards more choice in determining the textbooks and materials which will best meet their needs.

Each district board is given credits based upon its average daily attendance for the preceding fiscal year and a cost factor adjusted for inflation. Using these credits, each district board may order instructional materials.

The State Board also establishes a cash allotment that public schools may use for purchasing instructional materials from any source. This cash allotment reduces the school credit available to the public schools and is paid to the applicable county treasurers to the credit of the district.

Unexpended cash allotments or credits of any district board are separately encumbered at year end and carried forward to the following fiscal year for use by the district board.

#### Vocational Education Federal Fund

This fund was created as a depository of monies received from the Federal Government to prepare students to obtain gainful employment.

### Special Deposit Fund - Education Federal Funds and Miscellaneous Funds

Monies received or collected by the department for specific purposes for which no fund has been created in the State Treasury are accounted for in the Special Deposit Fund.

The department administers various federal grants received either directly from the Federal Government or through an intermediary state agency. These grants are distributed to school districts, organizations, and individuals for conducting various educational projects. Each grant is separately accounted for in the Special Deposit Fund. The grants have been combined for statement presentation only. (Exhibit 1 lists the accounts within these funds.)

### State Child Nutrition Fund

This fund is used to reimburse child nutrition providers, such as school districts, county superintendents of schools, parochial schools, and child development programs based upon the number of qualifying meals served to students. All school districts maintaining kindergarten through grade 12 levels must provide one nutritionally adequate meal without cost or for a reduced price during each school day for each needy pupil enrolled. This fund reimburses child nutrition providers for all eligible meals served at a basic rate of \$0.05 per meal. This rate is adjusted annually for cost-of-living increases.

### Capital Projects Fund

A capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Outlay Fund for Public Higher Education is the only capital projects fund used by the Department of Education.

### Capital Outlay Fund for Public Higher Education

This fund was created to support major building construction and site acquisitions for public community colleges, state universities and colleges, the University of California system, the California Maritime Academy, and other educational institutions authorized by the Legislature.



All of the Governmental Fund Types are maintained on a modified accrual basis of accounting. These are some of the more significant elements of accounting for this fund type:

#### Income

Income from revenues and reimbursements is recognized in the accounting period in which it is measurable and available to finance appropriation expenditures of the period.

#### Expenditures

Expenditures are recognized, if measurable, in the accounting period in which the liability is incurred. Expenditures also include encumbrances for goods or services not received at year end.

#### Liabilities

Retirement Plan - Regular employees of the department are either members of the Public Employees' Retirement System or the State Teachers' Retirement System, both of which are defined benefit, contributory retirement plans. Both the employer and the employee contribute to these plans. The amount the department and its employees contribute to these plans is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. The department's share of retirement contributions for the year was \$6,379,385.

Vacation and Sick Leave - Costs of vacation and sick leave are charged at the time these benefits are used rather than when they are earned.

#### PROPRIETARY FUND TYPE

The Proprietary Fund Types are used to account for measurements of net income and capital maintenance within a government's organizations and activities. These fund types correspond with those often found in the private sector.

Included in this category are internal service funds. These are the department's internal service funds:

#### Surplus Property Revolving Fund

This fund is used to acquire surplus property of the Federal Government and to distribute such property to eligible state and local agencies.

#### Special Deposit Fund - Miscellaneous Services

Monies received or collected by the department for specific purposes for which no fund has been created in the State Treasury are accounted for in the Special Deposit Fund.

The department provides goods and services to various state agencies, to local governments, and to individuals on a cost-reimbursement basis. To account for the financing of these programs, the department maintains nine fund accounts within the Special Deposit Fund. The financial statements are combined for statement presentation only; each fund is accounted for separately. (Exhibit 1 lists the accounts within this fund.)

The Proprietary Fund Type is maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and measurable, and expenses, including depreciation and amortization, are recognized in the period incurred.

#### FIDUCIARY FUND TYPES

Fiduciary Fund Types are used to account for assets held by a governmental unit as a trustee or as an agent for individuals or private organizations. The following funds are included in the Fiduciary Fund Types:

#### Expendable Trust Funds

These are funds whose resources, including both principal and earnings, may be expended. The department maintains trust accounts to account for resources the department holds as a trustee for the special schools. The special schools maintain trust accounts to account for certain monies and properties received, held, and disbursed for students.

The expendable trust funds are accounted for on a modified accrual basis of accounting. As trustee of the Special School Trusts, the department forwards cash purchase funds to these schools, which use them on an imprest basis. The department periodically reimburses the special schools for expenditures incurred, and the department maintains financial accountability for trust fund activities. At June 30, the amount of outstanding cash purchase funds and unreimbursed expenditures are recorded as intra-departmental receivables and payables.

#### Nonexpendable Trust Funds

Nonexpendable trust funds account for resources for which the principal may not be expended. The nonexpendable trust funds of the department are the Public School District Organization Revolving Fund and a portion of trust funds maintained for the special schools.

##### Public School District Organization Revolving Fund

Section 41360 of the Education Code provides that the money in this fund may be used for loans to newly organized elementary, high school, or unified school districts.

The nonexpendable trust funds are accounted on the accrual basis of accounting.

#### Agency Funds

Agency funds are used to account for resources received and held as an agent for others. The department accounts for agency funds by use of the following accounts in the Special Deposit Fund:

Tax Sheltered Annuity Account - This account is used as a depository for money that department employees request be withheld from their wages; these monies are to be invested in a deferred compensation plan.

Unemployment Insurance Administration Account - This account is used as a depository for funds transferred from the administrator of the School Employees Fund to the Department of Education. The department apportions these funds, less actual administrative costs, to the County Superintendent of Schools to cover the costs of administering the system for managing unemployment insurance.

Vacation Trust Account - This account is used as a depository for money withheld from the wages of temporary maintenance workers and paid to union vacation trust accounts.

Agency funds' assets and liabilities are accounted for on a modified accrual basis of accounting.

#### GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounting policies and practices are explained in Note 5.

#### 2. DEPOSITS IN SURPLUS MONEY INVESTMENT FUND

This account includes temporary cash reserves which may be transferred to and from the Surplus Money Investment Fund for cash flow and pooled investment purposes. Earnings derived from investments of the Surplus Money Investment Fund are apportioned to contributing funds in proportion to the resources each fund provided during the period. The earnings are accrued on statements of the department at June 30, 1979.

#### 3. LOANS RECEIVABLE

The Public School District Organization Revolving Fund had outstanding loans which were due from newly organized school districts. These loans are recovered by the State Controller from state apportionments.

#### 4. SECURITIES AND OTHER PROPERTY

Trust stock investments are recorded for accounting purposes at \$1.00 per share. Stock has been received by gift and stock splits over a period of 30 years. Generally accepted accounting principles require that this stock be recorded at fair market value at the date of the gift. Fair market value at the time of receipt is not available. However, the market value for the 5,220 shares of stock at June 30, 1979 was approximately \$154,068.

#### 5. GENERAL FIXED ASSETS ACCOUNT GROUP ACCOUNTING POLICIES AND PRACTICES

The General Fixed Assets Account Group is used to account for land, improvements, and equipment other than that of proprietary funds. Assets purchased are recorded as expenditures

expenditures in the appropriate fund in the year of acquisition or encumbrance. Generally, all assets valued at \$150 or more with a useful life of two years or more are accounted for in the General Fixed Assets Account Group.

The Department of Education has not maintained current records to support the beginning balance for land, improvements, and equipment. As such, the amount of fixed assets reported in the General Fixed Assets Account Group could differ substantially from the actual cost of fixed assets.

6. DEPRECIATION AND AMORTIZATION

Leasehold improvements and equipment are recorded at cost. Amortization is provided on the straight-line basis over the remaining lives of the respective leases. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

7. OPERATING CLEARING

This account is the connecting link between the records of various agencies and the central fund accounts maintained by the State Controller for funds not accounted for entirely by one agency. The balance at June 30 represents the net assets and liabilities for which the department is accountable.

8. APPROPRIATIONS

Funds provided from appropriations consist of cash disbursed by the State Controller from the department's appropriations for the year ended June 30, 1979 as well as the liquidation of expenditures accrued against appropriations for prior periods.

9. ADJUSTMENTS FROM LIQUIDATION OF ACCRUALS

This account includes the difference between the net amount of revenues, expenditures, abatements, and reimbursements accrued as of the previous June 30 and the actual amounts of revenues, expenditures, abatements, and reimbursements obtained during the current fiscal year but related to a prior fiscal year.

10. INTRAFUND TRANSFERS

Intrafund transfers represent revenues, reimbursements, and refunds to reverted appropriations for which the department has transferred accountability to the State Controller.

## 11. LEASES

The following is a yearly schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms exceeding one year as of June 30, 1979:

Year ending June 30:

|                                 |                           |
|---------------------------------|---------------------------|
| 1980                            | \$ 344,064                |
| 1981                            | 335,891                   |
| 1982                            | 335,514                   |
| 1983                            | 106,630                   |
| 1984                            | 75,654                    |
| Later years                     | <u>647,903</u>            |
| Total Minimum Payments Required | <u><u>\$1,845,656</u></u> |

The following schedule shows the composition of total rental expenses for all operating leases except for those with terms of a month or less that were not renewed:

|                        |                                      |
|------------------------|--------------------------------------|
|                        | <u>Year ending<br/>June 30, 1979</u> |
| Minimum rentals        | \$1,140,428                          |
| Less: Sublease rentals | <u>(97,920)</u>                      |
|                        | <u><u>\$1,042,508</u></u>            |

## 12. COMMITMENTS

The Department of Education, through its Surplus Property Division, enters into contracts with food processors to convert surplus commodities into various processed food items used by school districts. The department may cancel these contracts if the quality of the products, their timely manufacture, or the supply does not meet the department's specifications. At June 30, 1979, these unexecuted contract commitments amounted to \$2,505,789.

### SUPPLEMENTAL INFORMATION

The accompanying supplemental information presents (1) a list of the accounts which have been combined for financial statement presentation; (2) combining balance sheets, statements of revenues, expenditures/expenses, and changes in fund equity, and statements of changes in assets and liabilities; and (3) a comparison of each fund's legally adopted budgets with actual data on the budgetary basis.

The State's annual budget represents departmental appropriations as authorized by the Budget Act of 1978, continuing appropriations, specific legislation, and authorized revisions that reflect changes in programs and activities during the year. The State's annual budget does not include operations of the Vocational Education Federal Fund, the Public School District Organization Revolving Fund, the trust funds, and the department's accounts in the Special Deposit Fund. Accordingly, the budgetary comparison only reflects budgeted General Fund, Special Revenue Fund, and Capital Projects Fund accounts of the department.

While not necessary for a fair presentation of the general purpose financial statements, the supplemental information is included to provide additional analytical data.

ACCOUNTS COMBINED ON FINANCIAL STATEMENTSSPECIAL REVENUE FUNDSSpecial Deposit Fund - Education Federal Funds

The following accounts comprise the Special Deposit Fund - Education Federal Funds of the department.

|                                            |                                            |
|--------------------------------------------|--------------------------------------------|
| Assistance for State Equalization Plans    | Lau Centers - Administration               |
| Library Services and Construction          | Gifted and Talented Children               |
| Manpower Development & Training Act        | Community Education                        |
| Adult Basic Education                      | Arts Education                             |
| Elementary and Secondary Education Act I   | Right to Read                              |
| Education of the Handicapped Act VI        | Student Concerns                           |
| Elementary and Secondary Education Act III | Elementary and Secondary Education Act VII |
| Education Professions Development Act      | National Diffusion Network                 |
| Follow Through Program                     | Sex Equity in Education                    |
| Elementary and Secondary Education Act IV  | Food and Nutrition Services                |
| Training Personnel Handicapped Children    | Advisory Services - Desegregation          |
| Career Education                           | Indochinese Refugees                       |

Special Deposit Fund - Miscellaneous Funds

The following accounts comprise the Special Deposit Fund - Miscellaneous Funds of the department.

Employment Development Department - Migrant Child Care Facilities  
Comprehensive Employment Training Act

INTERNAL SERVICE FUNDSpecial Deposit Fund - Miscellaneous Services

The following accounts comprise the Special Deposit Fund - Miscellaneous Services of the department.

|                                      |                                            |
|--------------------------------------|--------------------------------------------|
| Apprenticeship Manuals Program       | California Public and Private School       |
| Vocational Education Publications    | Directories                                |
| General Education - Development Fees | County Funds for Maintenance of Effort for |
| California Videocassette Circuit     | Child Care Services                        |
| School Approval Fees                 | Education Conferences                      |
| Campus Children's Centers            |                                            |

SPECIAL SCHOOLS

There are six state schools for the handicapped in California. These schools are under the administration of the department but each maintains separate financial accountability. Financial statements of the special schools are combined with those of the department for statement presentation purposes only. The special schools are:

California School for the Deaf, Northern California,  
California School for the Deaf, Southern California,  
California School for the Blind,  
Diagnostic School for Neurologically Handicapped Children, Northern California,  
Diagnostic School for Neurologically Handicapped Children, Central California, and  
Diagnostic School for Neurologically Handicapped Children, Southern California.



## DEPARTMENT OF EDUCATION

COMBINING BALANCE SHEET  
GENERAL FUND

JUNE 30, 1979

| <u>ASSETS</u>                                                         | <u>Department<br/>of<br/>Education</u> | <u>Special<br/>Schools*</u> | <u>California<br/>Maritime<br/>Academy</u> | <u>Totals<br/>(Memorandum Only)</u> |
|-----------------------------------------------------------------------|----------------------------------------|-----------------------------|--------------------------------------------|-------------------------------------|
| Cash                                                                  | \$ 444,473                             | \$ 468,035                  | \$123,219                                  | \$ 1,035,727                        |
| Accounts receivable                                                   | 16,652,763                             | 244,016                     | 49,774                                     | 16,946,553                          |
| Allowance for deferred and uncollectible<br>accounts receivable       | (1,540,612)                            | --                          | --                                         | (1,540,612)                         |
| Due from Federal Government                                           | 1,867,239                              | --                          | --                                         | 1,867,239                           |
| Prepayments to other funds                                            | 245,528                                | 10,282                      | 20,584                                     | 276,394                             |
| Expense advances to employees                                         | 127,035                                | 15,187                      | 3,666                                      | 145,888                             |
| Deferred charges                                                      | 3,429                                  | 60                          | --                                         | 3,489                               |
| Total Assets                                                          | <u>\$ 17,799,855</u>                   | <u>\$ 737,580</u>           | <u>\$197,243</u>                           | <u>\$ 18,734,678</u>                |
| <br><u>LIABILITIES, ENCUMBRANCES<br/>OUTSTANDING, AND FUND EQUITY</u> |                                        |                             |                                            |                                     |
| Liabilities:                                                          |                                        |                             |                                            |                                     |
| Accounts payable                                                      | \$ 7,207,606                           | \$ 463,502                  | \$254,943                                  | \$ 7,926,051                        |
| Due to Federal Government                                             | 402,835                                | --                          | --                                         | 402,835                             |
| Due to other funds                                                    | 26,268,870                             | --                          | --                                         | 26,268,870                          |
| Uncleared collections                                                 | 96,466                                 | 56,040                      | 37,894                                     | 190,400                             |
| Total Liabilities                                                     | <u>33,975,777</u>                      | <u>519,542</u>              | <u>292,837</u>                             | <u>34,788,156</u>                   |
| Encumbrances Outstanding                                              | <u>28,471,771</u>                      | <u>594,225</u>              | <u>--</u>                                  | <u>29,065,996</u>                   |
| Fund Equity:                                                          |                                        |                             |                                            |                                     |
| Operating clearing                                                    | <u>(44,647,693)</u>                    | <u>(376,187)</u>            | <u>(95,594)</u>                            | <u>(45,119,474)</u>                 |
| Total Liabilities,<br>Encumbrances Outstanding,<br>and Fund Equity    | <u>\$ 17,799,855</u>                   | <u>\$ 737,580</u>           | <u>\$197,243</u>                           | <u>\$ 18,734,678</u>                |

\* See list of special schools, Exhibit 1.

DEPARTMENT OF EDUCATION  
COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS

JUNE 30, 1979

| ASSETS                                                          | State<br>School Fund<br>(Part A) | State Child<br>Nutrition | State<br>Instructional<br>Materials | Vocational<br>Education<br>Federal | Special Deposit<br>Fund - Education<br>Federal* | Special Deposit<br>Fund -<br>Miscellaneous* | Totals<br>(Memorandum Only) |
|-----------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------|------------------------------------|-------------------------------------------------|---------------------------------------------|-----------------------------|
| Cash                                                            | \$ 23,624                        | \$ 146,750               | \$38,667,937                        | \$ 31,766                          | \$ 478,727                                      | \$ 106,776                                  | \$ 39,455,580               |
| Accounts receivable                                             | 6,762,054                        | 25,028,082               | 181,220                             | 123,619                            | 2,617,829                                       | 8,563,689                                   | 43,276,493                  |
| Allowance for deferred and uncollectible<br>accounts receivable | (1,006,887)                      | --                       | --                                  | --                                 | (27,243)                                        | --                                          | (1,034,130)                 |
| Due from Surplus Money Investment Fund                          | 604,110                          | --                       | --                                  | --                                 | --                                              | --                                          | 604,110                     |
| Due from Federal Government                                     | --                               | --                       | --                                  | 34,107,577                         | 227,571,856                                     | --                                          | 261,679,433                 |
| Total Assets                                                    | \$ 6,382,901                     | \$25,174,832             | \$38,849,157                        | \$34,262,962                       | \$230,641,169                                   | \$8,670,465                                 | \$343,981,486               |

LIABILITIES, ENCUMBRANCES  
OUTSTANDING, AND FUND EQUITY

|                                                                    |              |              |              |              |               |             |               |
|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|-------------|---------------|
| Liabilities:                                                       |              |              |              |              |               |             |               |
| Accounts payable                                                   | \$ --        | \$ --        | \$ 7,001,538 | \$ --        | \$ --         | \$3,010,144 | \$ 10,011,682 |
| Due to Federal Government                                          | --           | --           | --           | 2,776,266    | 6,657,664     | 98,623      | 9,532,553     |
| Due to other funds                                                 | 5,031,561    | 4,832        | --           | 728,093      | 2,461,337     | 15,587      | 8,241,410     |
| Uncleared collections                                              | --           | --           | --           | 19,308       | 22,391        | 5,962       | 47,661        |
| Total Liabilities                                                  | 5,031,561    | 4,832        | 7,001,538    | 3,523,667    | 9,141,392     | 3,130,316   | 27,833,306    |
| Encumbrances Outstanding                                           | --           | 25,170,000   | 4,403,487    | 30,739,295   | 221,030,484   | 5,540,149   | 286,883,415   |
| Fund Equity:                                                       |              |              |              |              |               |             |               |
| Fund balance - Designated for<br>special operations                | 1,351,340    | --           | 27,444,132   | --           | 469,293       | --          | 29,264,765    |
| Total Liabilities,<br>Encumbrances Outstanding,<br>and Fund Equity | \$ 6,382,901 | \$25,174,832 | \$38,849,157 | \$34,262,962 | \$230,641,169 | \$8,670,465 | \$343,981,486 |

EXHIBIT 3

\* See list of combined accounts, Exhibit 1.

## DEPARTMENT OF EDUCATION

COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND

JUNE 30, 1979

| <u>ASSETS</u>                                                         | Capital Outlay Fund<br>for Public Higher Education                  |                                            | Totals<br>(Memorandum Only) |
|-----------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|-----------------------------|
|                                                                       | <u>California School<br/>for the Deaf -<br/>Northern California</u> | <u>California<br/>Maritime<br/>Academy</u> |                             |
| Total Assets                                                          | \$ <u>    --</u>                                                    | \$ <u>    --</u>                           | \$ <u>    --</u>            |
| <br><u>LIABILITIES, ENCUMBRANCES<br/>OUTSTANDING, AND FUND EQUITY</u> |                                                                     |                                            |                             |
| Liabilities:                                                          |                                                                     |                                            |                             |
| Accounts payable                                                      | \$ <u>    828</u>                                                   | \$ <u>    --</u>                           | \$ <u>    828</u>           |
| Encumbrances Outstanding                                              | <u>  509,380</u>                                                    | <u>  264,400</u>                           | <u>  773,780</u>            |
| Fund Equity:                                                          |                                                                     |                                            |                             |
| Operating clearing                                                    | <u> (510,208)</u>                                                   | <u> (264,400)</u>                          | <u> (774,608)</u>           |
| Total Liabilities,<br>Encumbrances Outstanding,<br>and Fund Equity    | \$ <u>    --</u>                                                    | \$ <u>    --</u>                           | \$ <u>    --</u>            |

## DEPARTMENT OF EDUCATION

COMBINING BALANCE SHEET  
ALL PROPRIETARY FUNDS

JUNE 30, 1979

| <u>ASSETS</u>                                                   | <u>Internal Service</u>                         |                                                                   | <u>Totals<br/>(Memorandum Only)</u> |
|-----------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|-------------------------------------|
|                                                                 | <u>State Surplus<br/>Property<br/>Revolving</u> | <u>Special Deposit<br/>Fund -<br/>Miscellaneous<br/>Services*</u> |                                     |
| Cash                                                            | \$1,421,804                                     | \$831,473                                                         | \$2,253,277                         |
| Deposits in Surplus Money<br>Investment Fund                    | 1,242,000                                       | --                                                                | 1,242,000                           |
| Accounts receivable                                             | 1,549,850                                       | 47,200                                                            | 1,597,050                           |
| Allowance for deferred and uncollectible<br>accounts receivable | (35,062)                                        | (117)                                                             | (35,179)                            |
| Due from Surplus Money Investment Fund                          | 48,683                                          | --                                                                | 48,683                              |
| Leasehold improvements                                          | 55,295                                          | --                                                                | 55,295                              |
| Accumulated amortization                                        | (30,618)                                        | --                                                                | (30,618)                            |
| Equipment                                                       | 707,585                                         | --                                                                | 707,585                             |
| Accumulated depreciation                                        | (546,286)                                       | --                                                                | (546,286)                           |
| Total Assets                                                    | <u>\$4,413,251</u>                              | <u>\$878,556</u>                                                  | <u>\$5,291,807</u>                  |
| <br><u>LIABILITIES AND FUND EQUITY</u>                          |                                                 |                                                                   |                                     |
| Liabilities:                                                    |                                                 |                                                                   |                                     |
| Due to Federal Government                                       | \$ --                                           | \$ 19,293                                                         | \$ 19,293                           |
| Due to other funds                                              | 2,070,961                                       | 332,344                                                           | 2,403,305                           |
| Uncleared collections                                           | 168,467                                         | 35,532                                                            | 203,999                             |
| Total Liabilities                                               | <u>2,239,428</u>                                | <u>387,169</u>                                                    | <u>2,626,597</u>                    |
| Fund Equity:                                                    |                                                 |                                                                   |                                     |
| Retained earnings                                               | <u>2,173,823</u>                                | <u>491,387</u>                                                    | <u>2,665,210</u>                    |
| Total Liabilities<br>and Fund Equity                            | <u>\$4,413,251</u>                              | <u>\$878,556</u>                                                  | <u>\$5,291,807</u>                  |

\* See list of combined accounts, Exhibit 1.

DEPARTMENT OF EDUCATION  
COMBINING BALANCE SHEET  
ALL TRUST FUNDS

JUNE 30, 1979

|                                         | Expendable Trusts       |                  | Nonexpendable Trusts    |                                                    | Totals<br>(Memorandum Only) |
|-----------------------------------------|-------------------------|------------------|-------------------------|----------------------------------------------------|-----------------------------|
|                                         | Department of Education | Special Schools* | Department of Education | Public School District Organization Revolving Fund |                             |
| <u>ASSETS</u>                           |                         |                  |                         |                                                    |                             |
| Cash                                    | \$513,379               | \$28,165         | \$ 59,297               | \$198,113                                          | \$ 798,954                  |
| Intradepartmental receivable            | 611                     | 21,358           | --                      | --                                                 | 21,969                      |
| Accounts receivable                     | --                      | 6,857            | --                      | --                                                 | 6,857                       |
| Loans receivable - current              | --                      | --               | --                      | 131,656                                            | 131,656                     |
| Loans receivable - due in over one year | --                      | --               | --                      | 72,000                                             | 72,000                      |
| Securities and other property           | 136,653                 | 3,525            | 125,032                 | --                                                 | 265,210                     |
| Total Assets                            | <u>\$650,643</u>        | <u>\$59,905</u>  | <u>\$184,329</u>        | <u>\$401,769</u>                                   | <u>\$1,296,646</u>          |
| <u>LIABILITIES AND FUND EQUITY</u>      |                         |                  |                         |                                                    |                             |
| Liabilities:                            |                         |                  |                         |                                                    |                             |
| Intradepartmental payable               | \$ 21,358               | \$ 611           | \$ --                   | \$ --                                              | \$ 21,969                   |
| Accounts payable                        | --                      | 5,919            | --                      | --                                                 | 5,919                       |
| Total Liabilities                       | <u>21,358</u>           | <u>6,530</u>     | <u>--</u>               | <u>--</u>                                          | <u>27,888</u>               |
| Fund Equity:                            |                         |                  |                         |                                                    |                             |
| Fund Balances:                          |                         |                  |                         |                                                    |                             |
| Special trust                           | 629,285                 | 3,525            | --                      | --                                                 | 632,810                     |
| Depositors                              | --                      | 49,850           | --                      | --                                                 | 49,850                      |
| Designated corpus                       | --                      | --               | 184,329                 | 400,000                                            | 584,329                     |
| Designated for special operations       | --                      | --               | --                      | 1,769                                              | 1,769                       |
| Total Fund Equity                       | <u>629,285</u>          | <u>53,375</u>    | <u>184,329</u>          | <u>401,769</u>                                     | <u>1,268,758</u>            |
| Total Liabilities and Fund Equity       | <u>\$650,643</u>        | <u>\$59,905</u>  | <u>\$184,329</u>        | <u>\$401,769</u>                                   | <u>\$1,296,646</u>          |

\* See list of special schools, Exhibit 1.

DEPARTMENT OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN OPERATING CLEARING  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                                                     | Department<br>of<br>Education | Special<br>Schools* | California<br>Maritime<br>Academy | Totals<br>(Memorandum Only) |
|-------------------------------------------------------------------------------------|-------------------------------|---------------------|-----------------------------------|-----------------------------|
| Revenues:                                                                           |                               |                     |                                   |                             |
| Miscellaneous revenues                                                              | \$ 2,085                      | \$ 2,565            | \$ 5,535                          | \$ 10,185                   |
| Other Financing Sources:                                                            |                               |                     |                                   |                             |
| Support appropriations                                                              | 343,105,820                   | 21,635,563          | 3,926,551                         | 368,667,934                 |
| Adjustments from liquidation<br>of accruals                                         | 255,635                       | --                  | 7,756                             | 263,391                     |
| Total Other Financing Sources                                                       | 343,361,455                   | 21,635,563          | 3,934,307                         | 368,931,325                 |
| Total Revenues and Other<br>Financing Sources                                       | 343,363,540                   | 21,638,128          | 3,939,842                         | 368,941,510                 |
| Expenditures:                                                                       |                               |                     |                                   |                             |
| Current:                                                                            |                               |                     |                                   |                             |
| State operations                                                                    | 93,400,519                    | 21,984,122          | 3,932,955                         | 119,317,596                 |
| Adjustments from liquidation<br>of accruals                                         | (1,463,576)                   | 56,696              | (44,879)                          | (1,451,759)                 |
| Reimbursements                                                                      | (14,013,982)                  | (3,046,506)         | (1,746,546)                       | (18,807,034)                |
| Total Current Expenditures                                                          | 77,922,961                    | 18,994,312          | 2,141,530                         | 99,058,803                  |
| Capital Outlay:                                                                     |                               |                     |                                   |                             |
| State operations                                                                    | --                            | 62,000              | --                                | 62,000                      |
| Total Capital Outlay                                                                | --                            | 62,000              | --                                | 62,000                      |
| Intergovernmental:                                                                  |                               |                     |                                   |                             |
| Local assistance                                                                    | 197,765,984                   | --                  | --                                | 197,765,984                 |
| Adjustments from liquidation<br>of accruals                                         | (9,443,120)                   | --                  | --                                | (9,443,120)                 |
| Reimbursements                                                                      | (67,746,602)                  | --                  | --                                | (67,746,602)                |
| Total Intergovernmental<br>Expenditures                                             | 120,576,262                   | --                  | --                                | 120,576,262                 |
| Total Expenditures                                                                  | 198,499,223                   | 19,056,312          | 2,141,530                         | 219,697,065                 |
| Other Uses:                                                                         |                               |                     |                                   |                             |
| Intrafund transfers                                                                 | 85,889,448                    | 2,797,133           | 1,721,528                         | 90,408,109                  |
| Transfers to other funds                                                            | 71,203,788                    | --                  | --                                | 71,203,788                  |
| Total Expenditures and<br>Other Uses                                                | 355,592,459                   | 21,853,445          | 3,863,058                         | 381,308,962                 |
| Excess of Revenues and<br>Other Sources over (under)<br>Expenditures and Other Uses | (12,228,919)                  | (215,317)           | 76,784                            | (12,367,452)                |
| Fund Equity:                                                                        |                               |                     |                                   |                             |
| Operating Clearing - July 1                                                         | (32,418,774)                  | (160,870)           | (172,378)                         | (32,752,022)                |
| Operating Clearing - June 30                                                        | <u>\$ (44,647,693)</u>        | <u>\$ (376,187)</u> | <u>\$ (95,594)</u>                | <u>\$ (45,119,474)</u>      |

\* See list of special schools, Exhibit 1.

DEPARTMENT OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY  
ALL SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                                      | State<br>School Fund<br>(Part A) | State Child<br>Nutrition | State<br>Instructional<br>Materials | Vocational<br>Education<br>Federal | Special Deposit<br>Fund - Education<br>Federal* | Special Deposit<br>Fund -<br>Miscellaneous* | Totals<br>(Memorandum Only) |
|----------------------------------------------------------------------|----------------------------------|--------------------------|-------------------------------------|------------------------------------|-------------------------------------------------|---------------------------------------------|-----------------------------|
| Revenues:                                                            |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| Intergovernmental revenues                                           | \$ 16,665,405                    | \$ --                    | \$ --                               | \$54,063,988                       | \$617,068,474                                   | \$ --                                       | \$ 687,797,867              |
| Interest                                                             | 1,173,985                        | --                       | --                                  | --                                 | --                                              | --                                          | 1,173,985                   |
| Miscellaneous revenues                                               | 116,277                          | --                       | --                                  | --                                 | 19,934                                          | 687                                         | 136,898                     |
| Total Revenues                                                       | 17,955,667                       | --                       | --                                  | 54,063,988                         | 617,088,408                                     | 687                                         | 689,108,750                 |
| Other Financing Sources:                                             |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| Transfers from the General Fund                                      | 5,165,828,368                    | 32,852,708               | 28,689,794                          | --                                 | --                                              | --                                          | 5,227,370,870               |
| Adjustments from liquidation<br>of accruals                          | --                               | (6,342,183)              | --                                  | 361,116                            | (48,927,364)                                    | (2,993)                                     | (54,911,424)                |
| Total Other Financing Sources                                        | 5,165,828,368                    | 26,510,525               | 28,689,794                          | 361,116                            | (48,927,364)                                    | (2,993)                                     | 5,172,459,446               |
| Total Revenues and Other<br>Financing Sources                        | 5,183,784,035                    | 26,510,525               | 28,689,794                          | 54,425,104                         | 568,161,044                                     | (2,306)                                     | 5,861,568,196               |
| Expenditures:                                                        |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| Current:                                                             |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| State operations                                                     | --                               | --                       | 302,343                             | 4,497,078                          | 15,610,612                                      | 757,590                                     | 21,167,623                  |
| Adjustments from liquidation<br>of accruals                          | --                               | --                       | --                                  | --                                 | (16,000,692)                                    | (2,993)                                     | (16,003,685)                |
| Total Current Expenditures                                           | --                               | --                       | 302,343                             | 4,497,078                          | (390,080)                                       | 754,597                                     | 5,163,938                   |
| Intergovernmental:                                                   |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| Local assistance                                                     | 5,187,795,198                    | 32,852,708               | 42,828,392                          | 49,566,910                         | 601,174,618                                     | 10,521,583                                  | 5,924,739,409               |
| Adjustments from liquidation<br>of accruals                          | (3,869,388)                      | (6,342,183)              | --                                  | 361,116                            | (32,962,635)                                    | --                                          | (42,813,090)                |
| Reimbursements                                                       | --                               | --                       | (28,661)                            | --                                 | --                                              | (11,278,486)                                | (11,307,147)                |
| Total Intergovernmental<br>Expenditures                              | 5,183,925,810                    | 26,510,525               | 42,799,731                          | 49,928,026                         | 568,211,983                                     | (756,903)                                   | 5,870,619,172               |
| Total Expenditures                                                   | 5,183,925,810                    | 26,510,525               | 43,102,074                          | 54,425,104                         | 567,821,903                                     | (2,306)                                     | 5,875,783,110               |
| Excess of Revenues and<br>Other Sources over (under)<br>Expenditures | (141,775)                        | --                       | (14,412,280)                        | --                                 | 339,141                                         | --                                          | (14,214,914)                |
| Fund Equity:                                                         |                                  |                          |                                     |                                    |                                                 |                                             |                             |
| Fund Balance - July 1                                                | 1,493,115                        | --                       | 41,856,412                          | --                                 | 130,152                                         | --                                          | 43,479,679                  |
| Fund Balance - June 30                                               | \$ 1,351,340                     | \$ --                    | \$ 27,444,132                       | \$ --                              | \$ 469,293                                      | \$ --                                       | \$ 29,264,765               |

\* See list of combined accounts, Exhibit 1.

DEPARTMENT OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND EQUITY  
 CAPITAL PROJECTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                   | Capital Outlay Fund<br>for Public Higher Education                  |                                            |                                     |
|---------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------|-------------------------------------|
|                                                   | <u>California<br/>School for the Deaf -<br/>Northern California</u> | <u>California<br/>Maritime<br/>Academy</u> | <u>Totals<br/>(Memorandum Only)</u> |
| Sources:                                          |                                                                     |                                            |                                     |
| Appropriations                                    | <u>\$7,961,563</u>                                                  | <u>\$ 128,688</u>                          | <u>\$8,090,251</u>                  |
| Expenditures:                                     |                                                                     |                                            |                                     |
| Capital outlay                                    | 8,471,771                                                           | 398,911                                    | 8,870,682                           |
| Adjustments from liquidation<br>of accruals       | --                                                                  | 397,291                                    | 397,291                             |
| Reimbursements                                    | <u>--</u>                                                           | <u>(405,400)</u>                           | <u>(405,400)</u>                    |
| Total Expenditures                                | <u>8,471,771</u>                                                    | <u>390,802</u>                             | <u>8,862,573</u>                    |
| Excess of Sources<br>over (under)<br>Expenditures | (510,208)                                                           | (262,114)                                  | (772,322)                           |
| Fund Equity:                                      |                                                                     |                                            |                                     |
| Operating Clearing - July 1                       | <u>--</u>                                                           | <u>(2,286)</u>                             | <u>(2,286)</u>                      |
| Operating Clearing - June 30                      | <u>\$(510,208)</u>                                                  | <u>\$(264,400)</u>                         | <u>\$ (774,608)</u>                 |



DEPARTMENT OF EDUCATION  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN RETAINED EARNINGS  
 ALL PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                              | Internal Service   |                   |                     |
|------------------------------|--------------------|-------------------|---------------------|
|                              | State Surplus      | Special Deposit   |                     |
|                              | Property           | Fund -            |                     |
|                              | Revolving          | Miscellaneous     | Totals              |
|                              |                    | Services*         | (Memorandum Only)   |
| Operating Revenues:          |                    |                   |                     |
| Service and handling charges | \$8,035,343        | \$ --             | \$ 8,035,343        |
| Commodity processing charges | 274,767            | --                | 274,767             |
| Charges for services         | --                 | 1,726,775         | 1,726,775           |
| Total Operating Revenues     | <u>8,310,110</u>   | <u>1,726,775</u>  | <u>10,036,885</u>   |
| Operating Expenses:          |                    |                   |                     |
| General                      | 7,534,349          | 1,435,530         | 8,969,879           |
| Depreciation                 | 54,602             | --                | 54,602              |
| Amortization                 | 6,697              | --                | 6,697               |
| Miscellaneous                | 350,679            | 89,318            | 439,997             |
| Total Operating Expenses     | <u>7,946,327</u>   | <u>1,524,848</u>  | <u>9,471,175</u>    |
| Operating Income             | <u>363,783</u>     | <u>201,927</u>    | <u>565,710</u>      |
| Nonoperating Revenues:       |                    |                   |                     |
| Interest                     | 128,812            | --                | 128,812             |
| Sale of equipment            | 530                | --                | 530                 |
| Total Nonoperating Revenues  | <u>129,342</u>     | <u>--</u>         | <u>129,342</u>      |
| Net Income                   | 493,125            | 201,927           | 695,052             |
| Retained Earnings - July 1   | <u>1,680,698</u>   | <u>289,460</u>    | <u>1,970,158</u>    |
| Retained Earnings - June 30  | <u>\$2,173,823</u> | <u>\$ 491,387</u> | <u>\$ 2,665,210</u> |

\* See list of combined accounts, Exhibit 1.

DEPARTMENT OF EDUCATION  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND EQUITY  
 ALL EXPENDABLE TRUST FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                 | <u>Department<br/>of<br/>Education</u> | <u>Special<br/>Schools*</u> | <u>Totals<br/>(Memorandum Only)</u> |
|-------------------------------------------------|----------------------------------------|-----------------------------|-------------------------------------|
| Revenues:                                       |                                        |                             |                                     |
| Interest                                        | \$ 33,043                              | \$ --                       | \$ 33,043                           |
| Dividends                                       | 9,697                                  | --                          | 9,697                               |
| Gifts                                           | <u>45,744</u>                          | <u>--</u>                   | <u>45,744</u>                       |
| Total Revenues                                  | <u>88,484</u>                          | <u>--</u>                   | <u>88,484</u>                       |
| Other Financing Sources:                        |                                        |                             |                                     |
| Receipts from depositors                        | <u>--</u>                              | <u>150,381</u>              | <u>150,381</u>                      |
| Total Revenues and<br>Other Financing Sources   | <u>88,484</u>                          | <u>150,381</u>              | <u>238,865</u>                      |
| Expenditures:                                   |                                        |                             |                                     |
| Student concerns                                | 106,992                                | --                          | 106,992                             |
| Payments for depositors                         | <u>--</u>                              | <u>131,846</u>              | <u>131,846</u>                      |
| Total Expenditures                              | <u>106,992</u>                         | <u>131,846</u>              | <u>238,838</u>                      |
| Excess of Revenues over<br>(under) Expenditures | (18,508)                               | 18,535                      | 27                                  |
| Fund Equity:                                    |                                        |                             |                                     |
| Fund Balance - July 1                           | <u>647,793</u>                         | <u>34,840</u>               | <u>682,633</u>                      |
| Fund Balance - June 30                          | <u><u>\$629,285</u></u>                | <u><u>\$ 53,375</u></u>     | <u><u>\$682,660</u></u>             |

\* See list of special schools, Exhibit 1.

DEPARTMENT OF EDUCATION  
 COMBINING STATEMENT OF CHANGES IN  
 ASSETS AND LIABILITIES--ALL AGENCY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                          | Balance<br>July 1, 1978 | Additions          | Deductions         | Balance<br>June 30, 1979 |
|----------------------------------------------------------|-------------------------|--------------------|--------------------|--------------------------|
| <u>TAX SHELTERED ANNUITY ACCOUNT</u>                     |                         |                    |                    |                          |
| ASSETS                                                   |                         |                    |                    |                          |
| Cash                                                     | \$ 48,429               | \$1,039,059        | \$1,066,799        | \$ 20,689                |
| Accounts receivable                                      | 86,190                  | 87,276             | 86,190             | 87,276                   |
| Total Assets                                             | <u>\$134,619</u>        | <u>\$1,126,335</u> | <u>\$1,152,989</u> | <u>\$107,965</u>         |
| LIABILITIES                                              |                         |                    |                    |                          |
| Due to insurers                                          | <u>\$134,619</u>        | <u>\$1,120,483</u> | <u>\$1,147,137</u> | <u>\$107,965</u>         |
| <u>UNEMPLOYMENT INSURANCE<br/>ADMINISTRATION ACCOUNT</u> |                         |                    |                    |                          |
| ASSETS                                                   |                         |                    |                    |                          |
| Cash                                                     | <u>\$ 29,644</u>        | <u>\$1,054,941</u> | <u>\$1,028,475</u> | <u>\$ 56,110</u>         |
| LIABILITIES                                              |                         |                    |                    |                          |
| Due to County School Superintendents                     | <u>\$ 29,644</u>        | <u>\$1,054,941</u> | <u>\$1,028,475</u> | <u>\$ 56,110</u>         |
| <u>VACATION TRUST ACCOUNT</u>                            |                         |                    |                    |                          |
| ASSETS                                                   |                         |                    |                    |                          |
| Cash                                                     | <u>\$ --</u>            | <u>\$ 194</u>      | <u>\$ --</u>       | <u>\$ 194</u>            |
| LIABILITIES                                              |                         |                    |                    |                          |
| Due to Trust Administrator                               | <u>\$ --</u>            | <u>\$ 194</u>      | <u>\$ --</u>       | <u>\$ 194</u>            |
| <u>TOTALS - ALL AGENCY FUNDS</u>                         |                         |                    |                    |                          |
| ASSETS                                                   |                         |                    |                    |                          |
| Cash                                                     | \$ 78,073               | \$2,094,194        | \$2,095,274        | \$ 76,993                |
| Accounts receivable                                      | 86,190                  | 87,276             | 86,190             | 87,276                   |
| Total Assets                                             | <u>\$164,263</u>        | <u>\$2,181,470</u> | <u>\$2,181,464</u> | <u>\$164,269</u>         |
| LIABILITIES                                              |                         |                    |                    |                          |
| Due to Insurers                                          | \$134,619               | \$1,120,483        | \$1,147,137        | \$107,965                |
| Due to County School Superintendents                     | 29,644                  | 1,054,941          | 1,028,475          | 56,110                   |
| Due to Trust Administrator                               | --                      | 194                | --                 | 194                      |
| Total Liabilities                                        | <u>\$164,263</u>        | <u>\$2,175,618</u> | <u>\$2,175,612</u> | <u>\$164,269</u>         |

DEPARTMENT OF EDUCATION  
COMPARISON OF THE LEGALLY ADOPTED BUDGET WITH  
ACTUAL DATA ON THE BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979  
(Page 1 of 4)

|                                                                           | Department of Education |                        |                                          |
|---------------------------------------------------------------------------|-------------------------|------------------------|------------------------------------------|
|                                                                           | Budget as<br>Adjusted   | Actual<br>Expenditures | Variance -<br>Favorable<br>(Unfavorable) |
| For Support:                                                              |                         |                        |                                          |
| Personal services                                                         | \$ 40,519,457           | \$ 36,403,697          | \$ 4,115,760                             |
| Operating expenses and equipment                                          | 51,470,573              | 28,937,178             | 22,533,395                               |
| Education Commission of the States                                        | 35,000                  | 33,000                 | 2,000                                    |
| Unallocated vocational education                                          | 560,394                 | --                     | 560,394                                  |
| Less:                                                                     |                         |                        |                                          |
| Reimbursements                                                            | (4,886,078)             | (4,384,577)            | (501,501)                                |
| Federal funds                                                             | (29,051,075)            | (23,457,719)           | (5,593,356)                              |
| Amounts payable from other support appropriations                         | (37,573,881)            | (17,925,721)           | (19,648,160)                             |
| Amounts payable from local assistance appropriations                      | (947,713)               | (684,699)              | (263,014)                                |
| Total Support                                                             | 20,126,677              | 18,921,159             | 1,205,518                                |
| Training farm labor vehicle                                               | 29,069                  | --                     | 29,069                                   |
| Driver training course development, Section 41904 Education Code          | 105,604                 | 90,995                 | 14,609                                   |
| Vocational Education Councils                                             | 33,263                  | (75,739)               | 109,002                                  |
| For allocation to school districts, 1978-79 fiscal year                   | 6,930,000               | 6,930,000              | --                                       |
| Preparing and distributing the frameworks for assessing pupil proficiency | --                      | (3,972)                | 3,972                                    |
| Issuing monthly or quarterly lists of state publications                  | --                      | (875)                  | 875                                      |
| Administering California High School Proficiency Exam program             | 228,628                 | 215,718                | 12,910                                   |
| Division of Libraries                                                     | 4,284,895               | 4,116,923              | 167,972                                  |
| Instructional television programs                                         | 821,364                 | 768,368                | 52,996                                   |
| Demonstration program in reading and mathematics                          | 3,079,512               | 3,056,291              | 23,221                                   |
| Compensatory Education Demonstration program                              | 153,696                 | (125,178)              | 278,874                                  |
| Special elementary school reading instruction teachers                    | 14,005,317              | 14,005,317             | --                                       |
| Driver education and training, Section 41304A, Education Code             | 242,514                 | 150,088                | 92,426                                   |
| Occupational training for the physically handicapped                      | 180,000                 | 180,000                | --                                       |
| Child Development Program--Preschool                                      | 24,542,044              | 24,540,402             | 1,642                                    |
| Administration of Educationally Disadvantaged Youth Program               | 1,021,802               | 859,856                | 161,946                                  |

DEPARTMENT OF EDUCATION  
COMPARISON OF THE LEGALLY ADOPTED BUDGET WITH  
ACTUAL DATA ON THE BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979  
(Page 2 of 4)

|                                                                                                                          | Department of Education |                        |                                          |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|------------------------|------------------------------------------|
|                                                                                                                          | Budget as<br>Adjusted   | Actual<br>Expenditures | Variance -<br>Favorable<br>(Unfavorable) |
| For allocation to migrant child care agencies                                                                            | 1,000,000               | 1,000,000              | --                                       |
| Conduct workshops and in-service training clinics<br>for teachers and administrators                                     | 70,000                  | --                     | 70,000                                   |
| Expenditures - administration                                                                                            | 145,500                 | 142,811                | 2,689                                    |
| Staff development programs                                                                                               | 495,000                 | 486,344                | 8,656                                    |
| Child care services                                                                                                      | 6,250,000               | 6,226,319              | 23,681                                   |
| Genetic disease prevention programs                                                                                      | 140,000                 | 110,548                | 29,452                                   |
| Native American Indian Education program                                                                                 | 257,580                 | 257,580                | --                                       |
| For apportionment to the career guidance centers,<br>counties of San Diego and Los Angeles                               | 250,000                 | 250,000                | --                                       |
| California Library Services Act                                                                                          | 42,000                  | 25,821                 | 16,179                                   |
| Public libraries                                                                                                         | 4,780,000               | 4,767,803              | 12,197                                   |
| School resources centers                                                                                                 | 450,000                 | 450,000                | --                                       |
| Independent evaluation of the School Improvement<br>Programs                                                             | 125,000                 | 125,000                | --                                       |
| Support of independent evaluation of the California<br>Master Plan for Special Education                                 | 150,000                 | 150,000                | --                                       |
| Bilingual Teacher Corps Program                                                                                          | 1,502,318               | 1,492,301              | 10,017                                   |
| Develop, standardize, and implement bilingual<br>scholastic achievement test in the Spanish language                     | 32,893                  | 32,427                 | 466                                      |
| Professional development centers programs                                                                                | 657,306                 | 603,306                | 54,000                                   |
| Nutrition programs administration                                                                                        | 831,136                 | 686,798                | 144,338                                  |
| Independent evaluation--Section 52038, Education Code                                                                    | 250,000                 | 250,000                | --                                       |
| Independent evaluation--Section 56355, Education Code                                                                    | 250,000                 | 250,000                | --                                       |
| Preparation and distribution of frameworks for assessing<br>pupil progress                                               | 233,282                 | 231,301                | 1,981                                    |
| School bus inspections                                                                                                   | --                      | (5,374)                | 5,374                                    |
| Indian education centers                                                                                                 | 606,753                 | 606,753                | --                                       |
| Early Childhood Education Programs                                                                                       | 375,000                 | 367,286                | 7,714                                    |
| Southern California Regional Library for the Blind,<br>Physically Handicapped, and Reading Disabled                      | 166,000                 | 166,000                | --                                       |
| Toll free telephone service for registered<br>patrons of the Federal Regional Libraries for the<br>Blind and Handicapped | 15,000                  | 279                    | 14,721                                   |
| Payment to Pacific Elementary School District for<br>increased construction costs                                        | 125,000                 | 125,000                | --                                       |
| Effective program information dissemination                                                                              | 20,000                  | 4,353                  | 15,647                                   |
| Aid to county superintendents of schools                                                                                 | 28,800,000              | 28,800,000             | --                                       |
| Developmental Centers for Handicapped Pupils                                                                             | 14,523,400              | 14,523,400             | --                                       |
| Child Development Programs                                                                                               | 74,216,862              | 73,650,510             | 566,352                                  |
| Total                                                                                                                    | <u>\$212,544,415</u>    | <u>\$209,405,919</u>   | <u>\$ 3,138,496</u>                      |

DEPARTMENT OF EDUCATION  
COMPARISON OF THE LEGALLY ADOPTED BUDGET WITH  
ACTUAL DATA ON THE BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979  
(Page 3 of 4)

|                                  | Special Schools*              |                                |                                                   |
|----------------------------------|-------------------------------|--------------------------------|---------------------------------------------------|
|                                  | <u>Budget as<br/>Adjusted</u> | <u>Actual<br/>Expenditures</u> | <u>Variance -<br/>Favorable<br/>(Unfavorable)</u> |
| For Support:                     |                               |                                |                                                   |
| Personal services                | \$18,805,279                  | \$18,513,160                   | \$ 292,119                                        |
| Operating expenses and equipment | 3,911,175                     | 3,717,064                      | 194,111                                           |
| Less:                            |                               |                                |                                                   |
| Reimbursements                   | (3,447,815)                   | (3,292,608)                    | (155,207)                                         |
| Federal funds                    | <u>--</u>                     | <u>--</u>                      | <u>--</u>                                         |
| Total Support                    | 19,268,639                    | 18,937,616                     | 331,023                                           |
| Minor capital outlay             | <u>62,000</u>                 | <u>62,000</u>                  | <u>--</u>                                         |
| Total                            | <u>\$19,330,639</u>           | <u>\$18,999,616</u>            | <u>\$ 331,023</u>                                 |

\* See list of special schools, Exhibit 1.

DEPARTMENT OF EDUCATION  
COMPARISON OF THE LEGALLY ADOPTED BUDGET WITH  
ACTUAL DATA ON THE BUDGETARY BASIS  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979  
(Page 4 of 4)

|                                  | California<br>Maritime Academy |                        |                                          |
|----------------------------------|--------------------------------|------------------------|------------------------------------------|
|                                  | Budget as<br>Adjusted          | Actual<br>Expenditures | Variance -<br>Favorable<br>(Unfavorable) |
| For Support:                     |                                |                        |                                          |
| Personal services                | \$ 2,518,900                   | \$2,302,681            | \$ 216,219                               |
| Operating expenses and equipment | 1,632,436                      | 1,630,274              | 2,162                                    |
| Less:                            |                                |                        |                                          |
| Reimbursements                   | (1,138,606)                    | (957,738)              | (180,868)                                |
| Federal funds                    | <u>(776,051)</u>               | <u>(788,808)</u>       | <u>12,757</u>                            |
| Total Support                    | <u>\$ 2,236,679</u>            | <u>\$2,186,409</u>     | <u>\$ 50,270</u>                         |

DEPARTMENT OF EDUCATION  
COMPARISON OF THE LEGALLY ADOPTED BUDGET WITH  
ACTUAL DATA ON THE BUDGETARY BASIS  
SPECIAL REVENUE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

| <u>State School Fund</u>                                                                                            | <u>Budget as<br/>Adjusted</u> | <u>Actual<br/>Expenditures</u> | <u>Variance -<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|---------------------------------------------------|
| Principal apportionments:                                                                                           |                               |                                |                                                   |
| Districts State Aid Grant and<br>Adults in Correctional Facilities                                                  | \$4,205,700,000               | \$4,205,679,998                | \$ 20,002                                         |
| State Aid for Teachers' Retirement                                                                                  | 152,400,000                   | 126,830,543                    | 25,569,457                                        |
| County State Aid Grant and California<br>State School Fund Budget Allowance                                         | <u>137,192,867</u>            | <u>137,192,866</u>             | <u>1</u>                                          |
| Total Principal Apportionments                                                                                      | <u>4,495,292,867</u>          | <u>4,469,703,407</u>           | <u>25,589,460</u>                                 |
| Special Education:                                                                                                  |                               |                                |                                                   |
| Physically Handicapped, Mentally<br>Retarded, Educationally Handicapped,<br>Special Transportation and Sedgwick Act | 243,926,000                   | 237,795,176                    | 6,130,824                                         |
| Mentally Gifted                                                                                                     | 13,373,550                    | 13,373,534                     | 16                                                |
| Master Plan for Special Education                                                                                   | 101,424,195                   | 101,424,174                    | 21                                                |
| Sedgwick overpayment returned                                                                                       | <u>2,367</u>                  | <u>--</u>                      | <u>2,367</u>                                      |
| Total Special Education                                                                                             | <u>358,726,112</u>            | <u>352,592,884</u>             | <u>6,133,228</u>                                  |
| Transportation to State Special Schools                                                                             | <u>418,724</u>                | <u>308,591</u>                 | <u>110,133</u>                                    |
| Special Purposes:                                                                                                   |                               |                                |                                                   |
| Transportation                                                                                                      | 60,689,000                    | 60,608,901                     | 80,099                                            |
| Driver Training                                                                                                     | 19,800,000                    | 19,799,654                     | 346                                               |
| School Improvement Program (ECE)                                                                                    | 122,911,200                   | 122,910,692                    | 508                                               |
| Educationally Disadvantaged Youth                                                                                   | 112,958,000                   | 112,715,412                    | 242,588                                           |
| Urban Impact Aid                                                                                                    | <u>36,720,000</u>             | <u>36,720,000</u>              | <u>--</u>                                         |
| Total Special Purposes                                                                                              | <u>353,078,200</u>            | <u>352,754,659</u>             | <u>323,541</u>                                    |
| Bilingual Education                                                                                                 | <u>8,231,882</u>              | <u>8,222,987</u>               | <u>8,895</u>                                      |
| Bilingual - Bicultural Education                                                                                    | <u>2,862,000</u>              | <u>2,809,983</u>               | <u>52,017</u>                                     |
| Educationally Disadvantaged Youth<br>Unrestricted Funds                                                             | <u>415,800</u>                | <u>415,800</u>                 | <u>--</u>                                         |
| Emergency Appropriation - Bakersfield<br>City School District                                                       | <u>986,887</u>                | <u>986,887</u>                 | <u>--</u>                                         |
| Total State School Fund                                                                                             | <u>\$5,220,012,472</u>        | <u>\$5,187,795,198</u>         | <u>\$32,217,274</u>                               |
| <u>State Instructional Materials Fund</u>                                                                           |                               |                                |                                                   |
| Instructional materials and textbooks                                                                               | \$ 70,279,989                 | \$ 43,130,734                  | \$27,149,255                                      |
| Reserve for disaster loans                                                                                          | <u>199,177</u>                | <u>1</u>                       | <u>199,176</u>                                    |
| Total State Instructional<br>Materials Fund                                                                         | <u>\$ 70,479,166</u>          | <u>\$ 43,130,735</u>           | <u>\$27,348,431</u>                               |
| <u>State Child Nutrition Fund</u>                                                                                   |                               |                                |                                                   |
| Payments reimbursing school meal programs                                                                           | <u>\$ 35,292,729</u>          | <u>\$ 32,852,708</u>           | <u>\$ 2,440,021</u>                               |



## DEPARTMENT OF EDUCATION

COMPARISON OF THE LEGALLY ADOPTED BUDGET  
WITH ACTUAL DATA ON THE BUDGETARY BASIS  
CAPITAL PROJECTS FUND  
CAPITAL OUTLAY FUND FOR PUBLIC HIGHER EDUCATION

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

|                                                                                 | California School for the Deaf -<br>Northern California |                        |                                          | California<br>Maritime Academy |                        |                                          |
|---------------------------------------------------------------------------------|---------------------------------------------------------|------------------------|------------------------------------------|--------------------------------|------------------------|------------------------------------------|
|                                                                                 | Budget as<br>Adjusted                                   | Actual<br>Expenditures | Variance -<br>Favorable<br>(Unfavorable) | Budget as<br>Adjusted          | Actual<br>Expenditures | Variance -<br>Favorable<br>(Unfavorable) |
| California School for<br>the Deaf - Northern California                         |                                                         |                        |                                          |                                |                        |                                          |
| Equipping buildings                                                             | \$1,508,665                                             | \$ 512,351             | \$ 996,314                               | \$ --                          | \$ --                  | \$ --                                    |
| Working drawings, construction,<br>and equipment                                | 6,532,789                                               | 6,532,789              | --                                       | --                             | --                     | --                                       |
| Construction and equipment                                                      | 1,830,581                                               | 1,814,931              | 15,650                                   | --                             | --                     | --                                       |
| Working drawings, construction,<br>and equipment; Chapter 375/74,<br>Item 389 A | (388,300)                                               | (388,300)              | --                                       | --                             | --                     | --                                       |
| Totals                                                                          | \$9,483,735                                             | \$8,471,771            | \$1,011,964                              | \$886,844                      | \$796,202              | \$ 90,642                                |
| California Maritime Academy                                                     |                                                         |                        |                                          |                                |                        |                                          |
| Radar simulation and computer<br>science addition                               | --                                                      | --                     | --                                       | 390,740                        | 390,140                | 600                                      |
| Minor capital projects for<br>1978/79 fiscal year                               | --                                                      | --                     | --                                       | 10,000                         | 8,771                  | 1,229                                    |
| Site developments                                                               | --                                                      | --                     | --                                       | 500                            | 128,000                | (127,500)                                |
| Welding laboratory facility                                                     | --                                                      | --                     | --                                       | --                             | (15,009)               | 15,009                                   |
| Wharf and boathouse                                                             | --                                                      | --                     | --                                       | 9,217                          | (20,368)               | 29,585                                   |
| Upper Academy Road and parking lot                                              | --                                                      | --                     | --                                       | 405,400                        | 390,769                | 14,631                                   |
| Minor capital projects for<br>1977/78 fiscal year                               | --                                                      | --                     | --                                       | 114                            | (62,586)               | 62,700                                   |
| Mechanical utilities system                                                     | --                                                      | --                     | --                                       | 94,388                         | --                     | 94,388                                   |
| Residence hall                                                                  | --                                                      | --                     | --                                       | (34,763)                       | (34,763)               | --                                       |
| Electrical distribution systems                                                 | --                                                      | --                     | --                                       | 11,526                         | 11,526                 | --                                       |
| Library addition                                                                | --                                                      | --                     | --                                       | 307                            | 307                    | --                                       |
| Auditorium Lecture Hall                                                         | --                                                      | --                     | --                                       | 3,560                          | 3,560                  | --                                       |
| New facilities                                                                  | --                                                      | --                     | --                                       | (4,145)                        | (4,145)                | --                                       |
| Totals                                                                          | \$9,483,735                                             | \$8,471,771            | \$1,011,964                              | \$886,844                      | \$796,202              | \$ 90,642                                |

### OTHER COMMENTS

As an integral part of our examination, we reviewed the Department of Education's and the special schools' accounting procedures and their related systems of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the department's financial statements present its financial position and the results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. Management letters describing the suggested operating improvements were issued to the department in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The department is in general agreement with the operating improvements and adjusting entries.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps